

Message Text

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ACTION IO-13

INFO OCT-01 EUR-12 ISO-00 IOE-00 SS-15 NSCE-00 USIE-00
INRE-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03 INR-07
NSAE-00 TRSE-00 XMB-02 OPIC-03 SP-02 CIEP-01 LAB-04
SIL-01 OMB-01 DODE-00 PM-04 H-01 L-03 NSC-05 PA-01
PRS-01 SSO-00 /092 W
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O 141836Z JAN 77
FM AMEMBASSY LONDON
TO SECSTATE WASHDC IMMEDIATE 9521
INFO USMISSION USUN NEW YORK IMMEDIATE

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USUN ATTN: U.S. DEL 23RD UNDP GOVERNING COUNCIL

E.O.11652: N/A
TAGS: UNDP, EAID, UK
SUBJECT: UNDP: U.S. INITIATIVES ON USE OF ACCUMULATED
NON-CONVERTIBLE CURRENCIES

REF: STATE 006774

SUMMARY. UK WILLING SUPPORT U.S. PROPOSAL ON ACCUMULATED
NON-CONVERTIBLE CURRENCIES IN PRINCIPLE BUT UNABLE CO-
SPONSOR OWING TO CONCERN OVER SOVIET REACTION TO PROPOSAL
AND EFFECT THIS REACTION MIGHT HAVE ON POSSIBLE DEVELOPING
COUNTRY SUPPORT. END SUMMARY.

1. WE PRESENTED AIDE MEMOIRE AND DRAFT PROPOSAL ON USE OF
UNDP'S ACCUMULATED NON-CONVERTIBLE CURRENCIES TO UN DEPT.,
FCO OFFICIALS JANUARY 14TH. THEIR INITIAL REACTION IS
THAT UK WILL BE PREPARED TO SUPPORT U.S. INITIATIVE IF
GENERAL CONSENSUS IN FAVOR IS REACHED AT GC MEETING. THEY
PROMISED TO GIVE PROPOSAL FULL CONSIDERATION AND FORWARD
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IT TO THEIR DELEGATION TO 23RD GC WITH THEIR RECOMMENDA-
TION TO SUPPORT "IN PRINCIPLE." THEY SAID "GENERAL CON-
SENSUS IN FAVOR" IMPLYS CONSIDERABLE SUPPORT FROM THE
DEVELOPING COUNTRIES OR SOME SUGGESTION FROM THE USSR OF
ITS ACCEPTANCE OF THE PLAN. THEY ASSUME, HOWEVER, THAT
LATTER WILL NOT BE FORTHCOMING.

2. FCO OFFICIALS STATED THAT IN LIGHT OF PROBABLE SOVIET OBJECTIONS AND THE IMPACT THESE MIGHT HAVE ON DEVELOPING COUNTRY SUPPORT FOR PROPOSAL, UK WILL NOT BE ABLE TO CO-SPONSOR. THEY ASSUME SOVIET'S FIRST OBJECTION WILL BE OVER THE ILLEGALITY OF THE PROPOSAL UNDER SOVIET EXCHANGE CONTROL LAWS. THE SECOND IS LIKELY TO BE THAT SCHEME COULD BE PUT INTO EFFECT WITHOUT SOVIET GOVERNMENT APPROVAL. THEY FEAR THE SOVIETS COULD AROUSE CONSIDERABLE DEVELOPING COUNTRY OPPOSITION TO PROPOSAL ON BASIS UNDP "GOING BEHIND SOVIET'S BACK."

3. IN ITS INSTRUCTIONS TO ITS DELEGATION AT 23RD GC, FCO HAS SUGGESTED SAYING THAT UNDP SHOULD NOT CONSIDER NON-CONVERTIBLE CURRENCIES AS PART OF THE PROGRAM'S RESOURCES NOR SHOULD THEY BE TAKEN INTO CONSIDERATION AS A RESOURCE IN FUTURE PROGRAM PLANNING. INSTEAD, THESE CURRENCIES SHOULD BE PUT INTO A SPECIAL FUND WHICH WOULD "RECOGNIZE THEM AS WHAT THEY ARE, USELESS."

4. WHEN PRESSED TO BE MORE FORTHCOMING, FCO OFFICIALS REITERATED THEIR SUPPORT FOR THE "GENEROSITY AND IMAGINATION" SHOWN IN OUR INITIAL PROPOSAL. THEY SAID THEY WERE PLEASED TO SEE THE SOVIETS AND OTHER NON-CONVERTIBLE CURRENCY DONORS PUT ON THE SPOT THIS WAY AND THAT THEY FEEL IT IS SIGNIFICANT THAT THE SOVIETS HAVE NOT FELT PREPARED TO REJECT THE PROPOSAL PUBLICLY. THEY ADDED, HOWEVER, THAT WHILE THIS NEW INITIATIVE WIDENS PRESSURE ON SOVIETS AND OTHERS, THEY SUSPECT FOR THAT REASON THAT PROPOSAL MIGHT BE SEEN TO BE "MAYBE A LITTLE TOO SMART." LIMITED OFFICIAL USE

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THEY REITERATED, HOWEVER, THAT IF DEVELOPING COUNTRY PRESSURE CAUSES SOVIETS TO BACK DOWN, UK WILL WHOLEHEARTEDLY SUPPORT OUR INITIATIVE.

5. IT WOULD BE EXTREMELY USEFUL IF DEPARTMENT COULD PROVIDE US WITH ANY INFORMATION WHICH WE MIGHT USE TO COUNTER ARGUMENT THAT PROPOSAL CONTRAVENES SOVIET EXCHANGE CONTROL LAWS. THIS IS AN ARGUMENT TO WHICH UK IS FAIRLY SENSITIVE IN LIGHT OF ITS OWN EXCHANGE CONTROL REGULATIONS.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CONVERTIBLE FOREIGN EXCHANGE, DEVELOPMENT PROGRAMS, FOREIGN EXCHANGE HOLDINGS
Control Number: n/a
Copy: SINGLE
Sent Date: 14-Jan-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
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Format: TEL
From: LONDON
Handling Restrictions: n/a
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ISecure: 1
Legacy Key: link1977/newtext/t19770151/aaaabsuh.tel
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Litigation History:
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Original Classification: LIMITED OFFICIAL USE
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Original Previous Classification: n/a
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Page Count: 2
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Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 STATE 6774
Retention: 0
Review Action: RELEASED, APPROVED
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Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
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Review Withdrawn Fields: n/a
SAS ID: 3598113
Secure: OPEN
Status: NATIVE
Subject: UNDP: U.S. INITIATIVES ON USE OF ACCUMULATED NON-CONVERTIBLE CURRENCIES
TAGS: EAID, UK, UNDP
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/664471d9-c288-dd11-92da-001cc4696bcc
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